



## INTRODUCTION

The FDIC is charged with the responsibility of paying federal deposit insurance (up to the \$100,000 limit) to the depositors of a failed insured depository institution. In many cases, the failed institution's account records may not reveal the actual owner(s) of a particular deposit account. Rather, the records simply indicate that the deposit was placed at the institution by a depositor broker on behalf of one or more third parties. The FDIC is required to identify the actual deposit owner(s) and to pay insurance in an accurate and timely manner.

Immediately after the failure of an insured depository institution, the FDIC Claims Agent(s) will send information packages to deposit brokers. These packages will explain the procedures whereby the broker may claim insurance on behalf of the broker's customers. In some cases, the broker's customer may not be an actual owner of the deposit but merely a "second-tier" deposit broker with his/her own customers. In turn, these customers could be "third-tier" deposit brokers with their own customers. Assuming the satisfaction of the FDIC's disclosure requirements (explained below), the FDIC will seek documentation from each deposit broker in the chain in order to ascertain the actual owner(s) of the deposit. All such documentation must be submitted to the FDIC through the "first-tier" broker. **You will be responsible for collecting documentation from any "sub-tier" brokers. You should initiate this process immediately.** The documentation requirements are set forth in Section IV.

The [Submission Checklist](#) must accompany your information package. **Please remember to note your firm's name and broker number, if applicable, on the diskette that is included with the information package.** Information about the input file for the diskette is in Section VI, Broker Input File Requirements.

Also, you should notify any "sub-tier" brokers that any "trading" on a particular deposit (i.e., transfer of ownership interests) must cease. **Deposit insurance is paid on the basis of the ownership of a deposit as of the date of the insured depository institution's failure.**

[Return to the Table of Contents ----->](#)